GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

YSR Steel Corporation Ltd. – Selection of Joint Venture (JV) partner and the selection process – Approval - Orders – Issued.
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INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.MS.No. 33 Dated: 11-05-2021.
Read the following:

1. G.O.Ms.No.105, III & Com.(P&I) Dept., dated 4-12-2019.
2. G.O.Ms.No.106, III & Com. (P&I) Dept., dated 4-12-2019.
3. G.O.Rt.No.1447, Revenue (Lands-VI) Dept., dt. 13-12-2019.
4. Govt. Lr.No.INC65-RFPS/2/2020-MD-INC65, dated 8-7-2020.
5. G.O.Ms.No.72, Ind. & Com. (P&I) Dept., Dt.28-10-2020.
6. G.O.Ms.No.52, Revenue (Lands-VI) Dept., dated 03-03-2021.
7. Proposals from the MD, YSRSCL, eOffice File No.INC65-STMT0CSN/1/2021-MD-INC65-Part(1) (Computer No:1354690).

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ORDER:

It is observed that the remarkable growth of the middle class and fast urbanization, are set to increase steel consumption in the country and will create huge demand for high grade, good quality steel products. India's steel making capacity is expected to touch 300 million tons per annum by 2030 as per National Steel Policy, 2017.

2. The AP Reorganization Act, 2014, Thirteenth Schedule, envisages the examination of the feasibility of establishing an integrated steel plant in YSR Kadapa District of the successor State of Andhra Pradesh and the decision of Govt. of India in this regard, is still awaited. However, in view of promoting industrial growth in the State and also to fulfill the desire of the people of the backward region of Rayalaseema, the Government of Andhra Pradesh has decided to go ahead with the establishment of a Steel Plant at Sunnapurallapalle and Peddanandluru villages of Jammalamadugu Mandal of YSR Kadapa District. Accordingly, Government of AP had incorporated a company by name M/s. A.P. High Grade Steels Ltd. Vide reference 1stread above, which name was changed subsequently as YSR Steel Corporation Ltd. (YSRSCL) vide reference 5th read above, as a 100% owned company of Government of Andhra Pradesh, under the Companies Act, 2013.

3. Government have issued orders alienating 3148.68 acres of land to YSR Steel Corporation Ltd. (erstwhile APHSL) at Sunnapurallapalle and Peddanandluru villages of Jammalamadugu Mandal of YSR Kadapa District vide reference 6th read above.

4. Considering the strategic importance of the project and specialized nature of the industry, YSRSCL had taken steps to engage an experienced private partner in the steel industry and execute the project in a Joint Venture (JV) mode. Further, to support YSRSCL in complex technical, legal and commercial aspects involved in such JV Agreements, YSR Steel Corporation Ltd, has appointed reputed consultants to assist in the process of selection of JV partner in the best interests of the State, viz.

a. SBI Capital Markets Ltd. (SBICAP) a wholly-owned investment banking subsidiary of the public sector undertaking – State Bank of India as the Transaction Adviser;

b. M/s.MN Dastur & Co. one of the most reputed consulting engineering organizations in the world which is specialized in Steel and allied sectors as a Technical Consultant through the tender process; and

c. Shardul Amarachand Mangaldas & Co. (SAM) one of the reputed legal firms in India as a Legal Consultant through the tender process.

(PTO)

5. The Managing Director, YSRSCL, through reference 7th read above, has stated that to select the JV Partner, initially Expression of Interest was called for, for which total seven companies, including two companies from abroad had shown interest. Thereafter, the Request for Proposal (RFP) was issued and in response to that, four companies participated and two companies have been qualified for evaluation of the proposals filed as per the terms and conditions of RFP.

6. The Managing Director, YSRSCL has further stated that the SBICAP has evaluated the qualified proposals based on the criteria mentioned in the RFP and determined the successful applicant after assessing the strengths and weaknesses of both the participants and submitted its revised recommendation to YSRSCL to proceed with the M/s Essar Steel Limited , considering Essar Steel Limited as the Selected Applicant for the issuance of Letter of Acceptance upon satisfactorily negotiating terms of the proposal in the best interests of the YSRSCL.

7. Government, after careful examination of the matter, hereby approved the following:

a. The selection process for the selection of JV partner for development and operation of a steel plant in YSR Kadapa District including the project contours as recommended by SBICAP, the Request for Proposal (RFP), and the subsequent addendum/clarifications issued.

b. The revised recommendations of SBICAP and to declare M/s. ESSAR Steel Limited as the selected JV partner.

8. The Managing Director, YSR Steel Corporation Limited, Mangalagiri, shall take necessary further action in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R KARIKAL VALAVEN
SPECIAL CHIEF SECRETARY TO GOVT. &CIP

To
The Managing Director, YSR Steel Corporation Limited, Mangalagiri.

Copy to:
The P.S. to Prl. Secretary to Chief Minister.
The P.S. to Hon´ble Minister Ind & Com, IT,SD & T.
The P.S. to Chief Secretary to Government.
The P.S. to Spl. CS to Govt & CIP, Ind. & Com. Dept.
The GA (Cabinet) Dept. (w.r.t. their U.O. No.72/2021, Dt-04-05-2021)
Sf/Scs.

// FORWARDED BY ORDER //

SECTION OFFICER